



## **SB 312: We support Corporate Tax Transparency**

Testimony for the Senate Committee on Finance and Revenue – John Calhoun – 2.10.2021

As corporate profits have grown over the past 40 years, tax revenue in Oregon has not kept up. Corporate profits in Oregon have grown 2.5 times faster than state corporate excise tax payments since 1980. This has taken place in spite of the fact that the current Oregon corporate excise tax rates are slightly higher than they were in 1980.

The conclusion of course is that corporations have both learned how to avoid taxes using international tax shelters and received tax breaks from both Congress and the Oregon legislature over this time period. At the same time, we cannot determine effectively how the tax expenditures that this legislature approves have paid off for the state and for the average Oregonian because the information on who is benefiting is not generally public information.

I spent close to 20 years working at Intel on the financial side of the business. I helped the company maximize tax holiday benefits in other countries by providing data that would allocate a greater share of income to those entities thereby reducing U.S. and Oregon taxes.

I then spent 25 years as a CFO or CEO of small technology companies using both C corporation entities and LLC's. Unlike large corporations, we would pay the statutory corporate tax rates, many times the effective tax rate that Intel was paying. This is the norm. The small companies that business lobbyists always claim they are looking out for pay higher effective tax rates than the much bigger corporations who hire those lobbyists.

When business lobbyists come to the legislature and ask for new tax benefits or defend existing benefits it would be useful for legislators and the public to know if they are in fact paying only the corporate minimum tax. We should be able to evaluate the many tax expenditures Oregon provides corporations to see if the benefits for the state exceed the cost.

We need tax transparency to answer these questions and to provide a fairer tax system.

***We read the bills and follow the money***